



# ***Uttam Sugar Mills Limited***

## ***(Risk Management Policy)***

### **PREAMBLE**

Pursuant to the provisions of Sections 134(3)(n), 177(4)(vii), 149(8) read with Schedule IV of the Companies Act, 2013 (as amended) (the “Act”) and also Regulation 4(2)(f)(ii) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the “Listing Regulations”), the Board of Directors of Uttam Sugar Mills Limited (“the Company”) is, inter alia, responsible for development, implementation and review of a Risk Assessment and Management Policy for the Company.

### **OBJECTIVES**

This Policy primarily aims at managing the risks involved in all activities of the Company, minimizing any adversity and assisting in the decision making processes that will minimize any potential loss.

The other objectives of this Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- To safeguard the Company’s properties, interests, and the interest of all stakeholders.
- To assist in balancing between the cost of managing risk and the anticipated benefits.
- To assure business growth with financial stability.

### **DEFINITIONS & INTERPRETATIONS**

“**Act**” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“**Appropriate Committee**” shall mean the Risk Management Committee (upon its formation by the Board) and till such time, shall mean the Audit Committee of the Board.

“**Audit Committee**” shall mean the Committee of the Board constituted under Section 177 of the Act and Regulation 18 of the Listing Regulations.

“**Board**” means Board of Directors of the Company.

“**Policy**” means Risk Management Policy.

“**USML or Company**” means Uttam Sugar Mills Limited.

## **RISKS**

Risks have been described as a combination of the consequences of an uncertain event and its likelihood of occurring that will have a positive or negative impact on the objectives of an organisation. Risks can be internal and external and are inherent in all administrative and operational activities.

The Company identifies and includes the following risks which are required to be assessed and reviewed periodically by the Board so that the likelihood of their occurrence can be prevented to mitigate the probable threats at appropriate time:

### **ENVIRONMENTAL RISKS**

The Industry and Company is subject to environmental regulations and may be exposed to liability as a result of our handling of hazardous materials and potential costs for environmental compliance.

### **GOVERNMENT POLICY RELATED RISKS**

The Industry is regulated and your Company operates in a regulated environment. Central and State Government policies and factors. Any adverse change in Government policies relating to the Sugar Industry in general may have an impact on our profitability.

### **CLIMATE RISK**

Sugarcane production in most parts of India is largely dependent on monsoon. Factors like excessive or deficient rain or untimely rain impacts the quality and quantity of sugarcane crop, which in turn affect the profitability of the Company.

### **BUSINESS CYCLICALITY**

Revenue / Profitability may be dented as a result of an over dependence on a particular vertical.

### **SUGARCANE AVAILABILITY AND COST RISK**

Availability of sugarcane depends upon the farm land under sugarcane cultivation as well as the monsoon. Sugarcane constitutes the major cost component for manufacturing sugar. It's availability has significant impact on the cost of production of sugar as lower/ higher availability has a direct co-relation with the cost of production in view of fixed overheads.

### **SUGAR PRICE REALISATION RISK**

Adverse production/supply position may severely impact the sugar realization thereby impacting the overall financials of the Company.

### **GOVERNMENT INTERVENTION RISK**

Sugarcane prices are politically driven which impact the cost of production of sugar.

### **FINANCIAL RISK**

Business sustainability can adversely be impacted because of a stretched Balance Sheet.

### **SYSTEM RISKS**

This could result in one or more of the following:

- System incapability
- Hardware vulnerability
- Network Security Risks
- Endpoint Security Risks

- Data Integrity Risks
- Business Non - Continuity
- Coordinating and interfacing risks

## **RISK MANAGEMENT APPROACH AND SYSTEMS**

The Risk Management Framework of the Company encompasses the following process:

- identifying the major risks which may occur due to Internal and External environment causing loss to the Company.
- assessing the risks as to their probability of occurrence and potential and severity of loss on finances, output, people's health and safety, reputation & brand and legal & regulatory implications.
- monitoring & reviewing the occurrence of risk on periodical basis by way of continuous watch and vigil on any change both in the Internal and External conditions which may have an adverse impact on the Company's business, its survival and future growth.
- mitigation and controlling the risks by way of creation and formulation of appropriate policies, strategies, structures, systems & procedures.

The Board of Directors shall periodically review the Risk Management Framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

In addition to the above and the existing internal control systems, the Company shall continue to be subjected to the internal audits by the Internal Auditors of the Company, to ensure the evaluation of Risk Management Framework of the Company and also the adherence of the same by the Company.

## **REPORTING**

The Board of Directors shall be responsible for the implementation of the Risk Management Systems and their effectiveness and adequacy, as may be applicable to the Company from time to time. The Audit Committee is responsible for evaluation of Risk Management Systems of the Company.

## **REVIEW**

The Board may review and amend the Policy, from time to time, as it may deem fit and / or to give effect to any amendment in any applicable law.